

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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HOUSE BILL 1034\*

Short Title: Volunteer Fire and Rescue Finances (PED). (Public)

Sponsors: Representatives Howard, Moffitt, and Lucas (Primary Sponsors).  
*For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.*

Referred to: Finance, if favorable, State Personnel, if favorable, Appropriations.

May 15, 2014

A BILL TO BE ENTITLED

AN ACT TO AMEND THE LAWS RELATED TO (1) LOCAL FIREFIGHTERS' RELIEF FUNDS, THE STATEWIDE FIREFIGHTERS' RELIEF FUND, AND THE RESCUE SQUAD WORKERS' RELIEF FUND, (2) WORKERS' COMPENSATION FOR FIREFIGHTERS AND RESCUE SQUAD WORKERS, (3) SUPPLEMENTAL PENSIONS FOR FIREFIGHTERS AND RESCUE SQUAD WORKERS, AND (4) THE VOLUNTEER FIRE DEPARTMENT FUND AND VOLUNTEER RESCUE/EMS FUND, AS RECOMMENDED BY THE JOINT LEGISLATIVE PROGRAM EVALUATION OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

**SECTION 1.** Relief Funds. – (a) Article 84 of Chapter 58 of the General Statutes reads as rewritten:

"Article 84.

~~"Fund Derived from Insurance Companies-Local Firefighters' Relief Funds.~~

"§ 58-84-1: Repealed by Session Laws 2006-196, s. 6, effective January 1, 2008, and applicable to proceeds credited to the Department of Insurance on or after that date.

"§ 58-84-5. **Definitions.**

The following definitions apply in Articles 84 through 88 of this Chapter:

- (1) City. – A fire district.
- (2) Clerk. – The clerk of a fire district or, if there is no clerk, the person so designated by the governing body of the fire district.
- (3) Fire district. – Any political subdivision of the State that meets all of the following conditions:
  - a. It has an organized fire department under the control of its governing body.
  - b. Its fire department has apparatus and equipment that is in serviceable condition for fire duty and is valued at one thousand dollars (\$1,000) or more.
  - c. ~~It enforces the fire laws to the satisfaction of the~~ is rated and certified by the Commissioner.
  - d. Its response area has been approved by the local municipal government or, if there is no local municipal government, by the local board of county commissioners.
- (4) Town. – A fire district.



1 "§§ 58-84-10 through 58-84-20: Repealed by Session Laws 1995 (Regular Session, 1996),  
2 c. 747, s. 6.

3 "§ 58-84-25. Disbursement of funds by Insurance Commissioner.

4 (a) Distribution. – The Insurance Commissioner shall deduct the sum of three percent  
5 (3%) from the tax proceeds credited to the Department pursuant to G.S. 105-228.5(d)(3) and  
6 pay the same over to the treasurer of the State Firemen's Association for ~~general-administrative~~  
7 purposes. The Insurance Commissioner shall deduct the sum of ~~one percent (1%)~~ two percent  
8 (2%) from the tax proceeds and retain the same in the budget of the Department of Insurance  
9 for the purpose of administering the disbursement of funds by the board of trustees in  
10 accordance with the provisions of G.S. 58-84-35. The Insurance Commissioner shall, pursuant  
11 to G.S. 58-84-50, credit the amount forfeited by nonmember fire districts to the North Carolina  
12 State Firemen's Association. The Insurance Commissioner shall distribute the remaining tax  
13 proceeds to the treasurer of each fire district as provided in subsections (b) and (c) of this  
14 section.

15 (b) Allocation to Counties. – The Insurance Commissioner shall allocate to each county  
16 an amount of tax proceeds based upon the amount allocated to it in the previous year. If the  
17 amount allocable in the current year is less than the amount allocated in the previous year, then  
18 the Commissioner shall reduce the amount allocated to each county. The amount of the  
19 reduction is equal to the difference in the amount allocated in the previous year and the amount  
20 allocable in the current year multiplied by a fraction, the numerator of which is the population  
21 of the county and the denominator of which is the population of the State. If the amount  
22 allocable in the current year is greater than the amount allocated in the previous year, then the  
23 Commissioner shall increase the amount allocated to each county. The amount of the increase  
24 is equal to the excess proceeds multiplied by a fraction, the numerator of which is the  
25 population of the county and the denominator of which is the population of the State.

26 (c) Distribution to Fire Districts. – Once the Insurance Commissioner has allocated the  
27 tax proceeds to a county under subsection (b) of this section, the Commissioner shall distribute  
28 those allocations to the fire districts in that county. The amount distributed to each fire district  
29 is equal to the total amount allocated to the county multiplied by a fraction, the numerator of  
30 which is the tax value of the property located in the fire district and the denominator of which is  
31 the tax value of all property located in any fire district in that county. A county shall provide  
32 the Commissioner with the tax value of property located in each fire district in that county by  
33 January 1 of each year. If a county does not submit information that the Commissioner needs to  
34 make a distribution by the date the information is due, the Commissioner shall distribute the  
35 allocation based on the most recent information the Commissioner has.

36 (d) Administration. – These funds shall be held by the treasurer of a fire district as a  
37 separate and distinct fund. The fire district shall immediately pay the funds to the treasurer of  
38 the local board of trustees upon the treasurer's election and qualification, for the use of the  
39 board of trustees of the firemen's local relief fund in each fire district, which board shall be  
40 composed of five members, to be used by it for the purposes provided in G.S. 58-84-35.

41 "§ 58-84-30. Trustees appointed; organization.

42 For each county, town or city complying with and deriving benefits from the provisions of  
43 this Article, there shall be appointed a local board of trustees, known as the trustees of the  
44 Firefighters' Relief Fund, to be composed of five members, two of whom shall be elected by the  
45 members of the local fire department who are qualified as beneficiaries of such fund, two of  
46 whom shall be elected by the mayor and board of aldermen or other local governing body, and  
47 one of whom shall be named by the Commissioner of Insurance. Their selection and term of  
48 office shall be as follows:

- 49 (1) The members of the fire department shall hold an election each January to  
50 elect their representatives to above board. In January 1950, the firefighters  
51 shall elect one member to serve for two years and one member to serve for

1 one year, then each year in January thereafter, they shall elect only one  
2 member and his term of office shall be for two years. Members elected  
3 pursuant to this section shall be either (i) residents of the fire district or (ii)  
4 active or retired members of the fire department.

5 (2) The mayor and board of aldermen or other local governing body shall  
6 appoint, in January 1950, two representatives to above board, one to hold  
7 office for two years and one to hold office for one year, and each year in  
8 January thereafter they shall appoint only one representative and his term of  
9 office shall be for two years. Members appointed pursuant to this section  
10 shall be residents of the fire district.

11 (3) The Commissioner of Insurance shall appoint one representative to serve as  
12 trustee and he shall serve at the pleasure of the Commissioner. The member  
13 appointed pursuant to this section shall be either (i) a resident of the fire  
14 district or (ii) an active or retired member of the fire department.

15 All of the above trustees shall hold office for their elected or appointed time, or until their  
16 successors are elected or appointed, and shall serve without pay for their services. They shall  
17 immediately after election and appointment organize by electing from their members a  
18 chairman and a secretary and treasurer, which two last positions may be held by the same  
19 person. The treasurer of said board of trustees shall give a good and sufficient surety bond in a  
20 sum equal to the amount of moneys in his hand, to be approved by the Commissioner of  
21 Insurance. The cost of this bond may be deducted by the Insurance Commissioner from the  
22 receipts collected pursuant to G.S. 58-84-10 before distribution is made to local relief funds. If  
23 the chief or chiefs of the local fire departments are not named on the board of trustees as above  
24 provided, then they shall serve as ex officio members without privilege of voting on matters  
25 before the board.

26 **"§ 58-84-32. Prudent management of funds.**

27 Local boards of trustees shall manage local relief funds as prudent trustees of the funds,  
28 subject to Chapter 36E of the General Statutes.

29 **"§ 58-84-35. Disbursement of funds by trustees.**

30 (a) The board of trustees shall have entire control of the funds derived from the  
31 provisions of this Article, and shall disburse the funds only for the following purposes:

32 (1) To safeguard any ~~fireman~~-firefighter in active service from financial loss,  
33 occasioned by sickness contracted or injury received while in the  
34 performance of his duties as a ~~fireman~~-firefighter.

35 (2) To provide a reasonable support for those actually dependent upon the  
36 services of any ~~fireman~~-firefighter who may lose his life in the fire service of  
37 his town, city, or State, either by accident or from disease contracted or  
38 injury received by reason of such service. The amount is to be determined  
39 according to the earning capacity of the deceased.

40 (2a) To provide assistance, upon approval by the ~~Secretary~~-Executive Director of  
41 the State Firemen's Association, to a destitute member ~~fireman~~-firefighter  
42 who has served honorably for at least five years. The determination of  
43 destitute shall be based on the inability of the firefighters, through no fault of  
44 their own, to provide basic provisions to themselves or their families. Such  
45 basic provisions include, but are not limited to, assistance with housing,  
46 vehicle or commuting expenses, food, clothing, utilities, medical care, and  
47 funeral expenses.

48 (3) Repealed by Session Laws 1985, c. 666, s. 61.

49 (4) To provide for the payment of any ~~fireman's~~-firefighter's assessment in the  
50 Firemen's Fraternal Insurance Fund of the State of North Carolina if the

1 board of trustees finds as a fact that said ~~fireman~~firefighter is unable to pay  
2 the said assessment by reason of disability.

3 (5) To provide for benefits of (i) supplemental retirement, including payment of  
4 firefighters' monthly assessments for the North Carolina Firefighters' and  
5 Rescue Squad Workers' Pension Fund, (ii) workers compensation, including  
6 the payment of premiums to the Workers' Compensation Fund established  
7 under G.S. 58-87-10, and (iii) other insurance and pension protection for  
8 firefighters otherwise qualifying for benefits from the Firefighters' Relief  
9 Fund as set forth in Article 85 of this Chapter.

10 (6) To provide for educational benefits to ~~firemen~~firefighters and their  
11 dependents who otherwise qualify for benefits from the Firefighters' Relief  
12 Fund as set forth in Article 85 of this Chapter.

13 (7) To provide for annual physicals that are required for firefighter positions by  
14 the federal Occupational Safety & Health Administration and recommended  
15 by the National Fire Protection Association.

16 (b) Notwithstanding any other provisions of law, no expenditures shall be made  
17 pursuant to ~~subsections (5) and (6)~~subdivision (5), (6), or (7) of subsection (a) of this section  
18 unless the State Firemen's Association has certified that such expenditures will not render the  
19 Fund ~~actuarially~~financially unsound for the purposes of providing the benefits set forth in  
20 ~~subsections~~subdivisions (1), (2), and (4) of subsection (a) of this section. If, for any reason,  
21 funds made available for ~~subsections (5) and (6) of this section~~subdivision (5), (6), or (7) shall  
22 be insufficient to pay in full any benefits, the benefits pursuant to ~~subsections~~subdivisions (5)  
23 and (6) shall be reduced pro rata for as long as the amount of insufficient funds exists.  
24 after first eliminating the benefits pursuant to subdivision (7). No claim shall accrue with  
25 respect to any amount by which a benefit under ~~subsections~~subdivisions (5) and (6) shall have  
26 been reduced.

27 (c) As used in subsection (b) of this section, the term "financially unsound" means that  
28 a local fund could not sustain a requested expenditure or could not make similar payments for  
29 five years without the local fund's balance falling below the greater of the following:

30 (1) Five hundred dollars (\$500.00) multiplied by the number of eligible  
31 firefighters in the local department.

32 (2) Twenty thousand dollars (\$20,000).

33 (d) A local board of trustees shall not be restricted to making disbursements solely from  
34 the interest earned on the local board's relief fund.

35 **"§ 58-84-40. Trustees to keep account and file certified reports.**

36 (a) Each local board of trustees shall keep a correct account of all moneys received and  
37 disbursed by them. On a form prescribed by the North Carolina State Firemen's Association,  
38 each local board shall certify by October 31 of each year the following to the Association: the  
39 balance of the local fund, proof of sufficient bonding, a full and detailed accounting of the  
40 previous year's expenditures, and a full accounting of membership qualifications. Such  
41 certification shall be made concurrently with the local unit's statement of Fire Readiness. The  
42 accounting of the previous year's expenditures shall include the amounts spent on each of the  
43 purposes listed in G.S. 58-84-35(a), including the number of firefighters that received benefits  
44 for each of the purposes.

45 (b) In turn, the State Firemen's Association shall certify to the Department of Insurance  
46 by January 1 of each year on a form prescribed by the Department, the following:

47 (1) The local units ~~which~~that have complied with the requirements of  
48 subsection (a) of this section.

49 (2) A listing of the members of each of the local units.

50 (3) The fund balances for each of the local units' relief funds.

- 1           (4)    Any departments that have exceeded the maximum balance provided under  
2                    G.S. 58-84-33(a).
- 3           (5)    Details on the disbursements from local relief funds, including how much  
4                    was disbursed for each allowable purpose and how many members received  
5                    disbursements for those purposes, on both a unit-by-unit basis and total  
6                    basis.
- 7           (6)    Information on any improper disbursements.

8           (c)    In the event that any board of trustees in any of the towns and cities benefited by  
9 this Article shall neglect or fail to perform their duties, or shall willfully misappropriate the  
10 funds entrusted in their care by obligating or disbursing such funds for any purpose other than  
11 those set forth in G.S. 58-84-35, then the Insurance Commissioner shall withhold any and all  
12 further payments to such board of trustees, or their successors, until the matter has been fully  
13 investigated by an official of the State Firemen's Association, and adjusted to the satisfaction of  
14 the Insurance Commissioner.

15          (d)    In the event that any local relief fund provided for in this Article becomes impaired,  
16 then the Firefighters' Relief Fund may in the discretion of its board of trustees assist the local  
17 unit administering the fund in providing for relief to injured firefighters and their dependents  
18 or survivors; provided, however, that any funds so provided to such impaired units shall be  
19 repaid in full at the statutory rate of interest from future local unit receipts if the impairment  
20 resulted from violations of this Article.

21    **"§ 58-84-41. Commissioner of Insurance to maintain database of reports; fire department**  
22                    **identification numbers.**

23          (a)    Working with the North Carolina State Firemen's Association, the Commissioner of  
24 Insurance shall develop and maintain a database of the information reported under  
25 G.S. 58-84-40(b).

26          (b)    The Commissioner of Insurance shall issue to each fire department within the State  
27 a unique fire department identification number (FDID) that shall be used by the Commissioner  
28 and the North Carolina State Firemen's Association to coordinate database records and reports.

29    **"§ 58-84-45: Repealed by Session Laws 2000-67, s. 26.21(a).**

30    **"§ 58-84-46. Certification to Commissioner.**

31          On or before October 31 of each year the clerk or finance officer of each city or county that  
32 has a local board of trustees under G.S. 58-84-30 shall file a certificate of eligibility with the  
33 Commissioner. The certificate shall contain information prescribed by administrative rule  
34 adopted by the Commissioner. If the certificate is not filed with the Commissioner on or before  
35 January 31 in the ensuing year:

- 36           (1)    The city or county that failed to file the certificate shall forfeit the payment  
37                    next due to be paid to its board of trustees.
- 38           (2)    The Commissioner shall pay over that amount to the treasurer of the North  
39                    Carolina State Firemen's Association.
- 40           (3)    That amount shall constitute a part of the Firefighters' Relief Fund.

41    **"§ 58-84-50. Fire departments to be members of State Firemen's Association.**

42          For the purpose of supervision and as a guaranty that provisions of this Article shall be  
43 honestly administered in a businesslike manner, it is provided that every department enjoying  
44 the benefits of this law shall be a member of the North Carolina State Firemen's Association  
45 and comply with its constitution and bylaws. If the fire department of any city, town or village  
46 shall fail to comply with the constitution and bylaws of said Association, said city, town or  
47 village shall forfeit its right to the next annual payment due from the funds mentioned in this  
48 Article, and the Commissioner of Insurance shall pay over said amount to the treasurer of the  
49 North Carolina State Firemen's Association and same shall constitute a part of the Firefighters'  
50 Relief Fund.

1 **"§ 58-84-52. Benefits available to individual firefighters whose departments are not**  
2 **members of the State Firemen's Association.**

3 (a) Individual firefighters whose departments are not members of the North Carolina  
4 State Firemen's Association shall be covered under the line of duty coverage offered by the  
5 Association.

6 (b) Benefits under this section shall be paid from the funds that are forfeited from local  
7 departments to the statewide Firefighters' Relief Fund.

8 **"§ 58-84-55. No discrimination on account of race.**

9 The local boards of trustees of the Firefighters' Relief Fund shall make no discrimination  
10 based upon race in the payment of benefits.

11 **"§ 58-84-60. Immunity.**

12 A person serving on a local board of trustees of the Firefighters' Relief Fund shall be  
13 immune individually from civil liability for monetary damages, except to the extent covered by  
14 insurance, for any act or failure to act arising out of this service, except where the person:

- 15 (1) Was not acting within the scope of that person's official duties;
- 16 (2) Was not acting in good faith;
- 17 (3) Committed gross negligence or willful or wanton misconduct that resulted in  
18 the damages or injury;
- 19 (4) Derived an improper personal financial benefit, either directly or indirectly,  
20 from the transaction; or
- 21 (5) Incurred the liability from the operation of a motor vehicle.

22 **"§ 58-84-65. Repeal of certain local laws inconsistent with this Article.**

23 The following provisions contained within any local act enacted or amended prior to  
24 January 1, 2014, are hereby repealed:

- 25 (1) Any redirection, at the time of receipt, of funds directed to a fire district  
26 under G.S. 58-84-25(c) to a fund other than a local relief fund.
- 27 (2) Any restriction that would be inconsistent with G.S. 58-84-35(d).
- 28 (3) Any transfer of interest earned on a local relief fund from the local relief  
29 fund to another fund.
- 30 (4) Any transfer of funds from a local relief fund to a supplemental retirement  
31 fund based on the local relief fund exceeding a certain amount.
- 32 (5) Any allowable expenditures that are not within the scope of the list provided  
33 in G.S. 58-84-35(a).
- 34 (6) Any variation from the certification requirement under G.S. 58-84-35(b)."

35 **SECTION 1.(b)** The database required by G.S. 58-84-41, as enacted by subsection  
36 (a) of this section, shall be operational no later than December 1, 2015, so the Department of  
37 Insurance can receive and include in its database the information from the North Carolina State  
38 Firemen's Association that is due by January 1, 2016.

39 **SECTION 1.(c)** Effective July 1, 2015, G.S. 58-84-25, as amended by subsection  
40 (a) of this section, reads as rewritten:

41 **"§ 58-84-25. Disbursement of funds by Insurance Commissioner.**

42 ...  
43 (c) Distribution to Fire Districts. – Once the Insurance Commissioner has allocated the  
44 tax proceeds to a county under subsection (b) of this section, the Commissioner shall distribute  
45 those allocations directly to the fire districts in that county. The Commissioner shall distribute  
46 the allocations by electronic funds transfer, unless a fire district's account cannot accept  
47 electronic funds transfers, in which case the Commissioner shall distribute the district's  
48 allocation by paper check. The amount distributed to each fire district is equal to the total  
49 amount allocated to the county multiplied by a fraction, the numerator of which is the tax value  
50 of the property located in the fire district and the denominator of which is the tax value of all  
51 property located in any fire district in that county. A county shall provide the Commissioner

1 with the tax value of property located in each fire district in that county by January 1 of each  
2 year. If a county does not submit information that the Commissioner needs to make a  
3 distribution by the date the information is due, the Commissioner shall distribute the allocation  
4 based on the most recent information the Commissioner has.

5 (c1) Certain Amounts Redistributed. – Notwithstanding subsection (c) of this section, the  
6 Insurance Commissioner shall not distribute funds to a fire district whose local relief fund's  
7 balance exceeds the amount provided under G.S. 58-84-33(a). Instead, the Commissioner shall,  
8 using the methodology provided in subsections (b) and (c) of this section, distribute those funds  
9 to the fire districts whose local relief funds' balances do not exceed the amount provided under  
10 G.S. 58-84-33(a)."

11 **SECTION 1.(d)** Effective July 1, 2015, Article 84 of Chapter 58 of the General  
12 Statutes, as amended by subsection (a) of this section, is further amended by adding a new  
13 section to read as follows:

14 **"§ 58-84-33. Maximum fund balances.**

15 (a) The balance of a local fire department's firefighter's relief fund for a given year shall  
16 not exceed the product of multiplying the number of members on the department's roster as of  
17 January 1 for that year by the sum of two thousand five hundred dollars (\$2,500).

18 (b) The North Carolina State Firemen's Association shall annually calculate and notify  
19 each local department of its relief fund's maximum allowable balance.

20 (c) A local fire department whose relief fund balance, at the time of annual distribution  
21 by the Insurance Commissioner, exceeds the amount allowable under subsection (a) of this  
22 section shall not be entitled to receive a distribution for that year, and the Commissioner shall  
23 redistribute the funds that the department would have received, as provided under  
24 G.S. 58-84-25(c1)."

25 **SECTION 1.(e)** Article 85 of Chapter 58 of the General Statutes reads as rewritten:

26 "Article 85.

27 ~~"State Appropriation.~~ Statewide Firefighters' Relief Fund.

28 **"§ 58-85-1. Application of fund.**

29 The money paid into the hands of the treasurer of the North Carolina State Firemen's  
30 Association shall be known and remain as the "Firefighters' Relief Fund" of North Carolina,  
31 and shall be used as a fund for the relief of firefighters and county fire marshals, who are  
32 members of this Association, who may be injured or rendered sick by disease contracted in the  
33 actual discharge of duty as firefighters or county fire marshals, and for the relief of surviving  
34 spouses, children, and if there be no surviving spouse or children, then dependent mothers of  
35 the firefighters and county fire marshals killed or dying from disease so contracted in the  
36 discharge of duty; to be paid in the manner and in the sums to the individuals of the classes  
37 herein named and described as may be provided for and determined upon in accordance with  
38 the constitution and bylaws of the Association, and any provisions and determinations made  
39 under the constitution and bylaws shall be final and conclusive as to the persons entitled to  
40 benefits and as to the amount of benefit to be received, and no action at law shall be maintained  
41 against the Association to enforce any claim or recover any benefit under this Article or under  
42 the constitution and bylaws of the Association; but if any officer or committee of the  
43 Association omit or refuse to perform any duty imposed upon the officer or them, nothing  
44 herein contained shall be construed to prevent any proceedings against that officer or  
45 committee to compel the officer or them to perform that duty. ~~No firefighter or county fire~~  
46 ~~marshal shall be entitled to receive any benefits under this section until the firefighters' relief~~  
47 ~~fund of his city or town has been exhausted.~~ Notwithstanding the above provisions, the  
48 Executive Board of the North Carolina State Firemen's Association is hereby authorized to  
49 grant educational scholarships to members and the children of members, to subsidize premium  
50 payments of members over 65 years of age to the Firemen's Fraternal Insurance Fund of the  
51 North Carolina State Firemen's Association, and to provide accidental death and

1 ~~dismemberment insurance for members of those fire departments not eligible for benefits~~  
2 ~~pursuant to standards of certification adopted by the State Firemen's Association for the use of~~  
3 ~~local relief funds. departments.~~

4 **"§ 58-85-5: Reserved for future codification purposes.**

5 **"§ 58-85-10. Treasurer to file report and give bond.**

6 (a) The treasurer of the North Carolina State Firemen's Association shall make a  
7 detailed report to the State Treasurer and the Commissioner of Insurance of the yearly  
8 expenditures of the appropriation under Articles 84 through 88 of this Chapter on or before the  
9 end of the fiscal year, showing the total amount of money in his hands at the time of the filing  
10 of the report, and shall give a bond to the State of North Carolina with good and sufficient  
11 sureties to the satisfaction of the Treasurer of the State of North Carolina in a sum not less than  
12 the amount of money on hand as shown by said report.

13 **"§ 58-85-15. Who shall participate in the fund.**

14 The line of duty entitling one to participate in the fund shall be so construed as to mean  
15 actual fire duty only, and any actual duty connected with the fire department or county fire  
16 marshal office when directed to perform the same by an officer in charge.

17 **"§ 58-85-20. Who may become members.**

18 Any organized fire company in North Carolina, holding itself ready for duty, may, upon  
19 compliance with the requirements of its constitution and bylaws, become a member of the  
20 North Carolina State Firemen's Association, and any ~~fireman~~ firefighter of good moral  
21 character in North Carolina, and belonging to an organized fire company, who complies with  
22 the requirements of the constitution and bylaws of the North Carolina State Firemen's  
23 Association, may become a member of the Association. Any county fire marshal office may,  
24 upon compliance with the requirements of its constitution and bylaws, become a member of the  
25 North Carolina Firemen's Association, and any employee of a county fire marshal office of  
26 good moral character whose sole duty is to act as a fire marshal, deputy fire marshal, assistant  
27 fire marshal, or firefighter of the county, who complies with the requirements of its constitution  
28 and bylaws, may become a member of the North Carolina Firemen's Association.

29 **"§ 58-85-25. Applied to members of regular fire company.**

30 G.S. 58-85-1, 58-85-10, 58-85-15, 58-85-20, and 58-85-25 shall apply to any ~~fireman~~  
31 firefighter or fire marshal who is a member of a regularly organized fire company or county fire  
32 marshal office, and is a member in good standing of the North Carolina State Firemen's  
33 Association.

34 **"§ 58-85-30. Treasurer to pay fund to Volunteer Firemen's Association.**

35 (a) The treasurer of the North Carolina State Firemen's Association shall pay to the  
36 treasurer of the North Carolina State Volunteer Firemen's Association one sixth of the funds  
37 arising from the three percent (3%) paid the treasurer of the North Carolina State Firemen's  
38 Association by the Commissioner each year to be used by the North Carolina State Volunteer  
39 Firemen's Association for the purposes set forth in G.S. 58-84-35.

40 (b) Local units of the North Carolina State Volunteer Firemen's Association shall  
41 maintain records and report to the North Carolina State Firemen's Association in accordance  
42 with G.S. 58-84-40, and shall be subject to the sanctions in G.S. 58-84-40.

43 **"§ 58-85-35. Prudent management of Firefighters' Relief Fund.**

44 The North Carolina State Firemen's Association shall manage the Firefighters' Relief Fund  
45 as a prudent trustee of the funds, subject to Chapter 36E of the General Statutes."

46 **SECTION 1.(f)** G.S. 58-88-5(c)(5) reads as rewritten:

47 "(5) Notwithstanding any other provision of law, no expenditures shall be made  
48 pursuant to subdivisions (1), (2), (3), (4), and (4a) of this subsection unless  
49 the Board has certified that the expenditures will not render the Fund  
50 actuarially financially ~~actuarially~~ unsound for the purpose of providing the benefits set  
51 forth in subdivisions (1), (2), (3), (4), and (4a). If, for any reason, funds



1 made available for subdivisions (1), (2), (3), (4), and (4a) are insufficient to  
2 pay in full any benefit, the benefits pursuant to subdivisions (1), (2), (3), (4),  
3 and (4a) shall be reduced pro rata for as long as the amount of insufficient  
4 funds exists. No claims shall accrue with respect to any amount by which a  
5 benefit under subdivisions (1), (2), (3), (4), and (4a) has been reduced."

6 **SECTION 1.(g)** Article 88 of Chapter 58 of the General Statutes is amended by  
7 adding a new section to read as follows:

8 **"§ 58-88-35. Prudent management of Rescue Squad Workers' Relief Fund.**

9 The Association shall manage the Rescue Squad Workers' Relief Fund as a prudent trustee  
10 of the funds, subject to Chapter 36E of the General Statutes."

11 **SECTION 1.(h)** Beginning on April 1, 2016, and each year thereafter, the  
12 Department of Insurance shall report to the House Appropriations Subcommittee on General  
13 Government and the Senate Appropriations Committee on General Government and  
14 Information Technology the following information about each local firefighters' relief fund  
15 board, the North Carolina State Firemen's Association, and the North Carolina Association of  
16 Rescue and Emergency Medical Services, Inc.:

- 17 (1) The total amount of money disbursed from the relief funds controlled by  
18 each of the entities.
- 19 (2) The amount of money spent by each entity for each of the statutorily  
20 permissible uses.
- 21 (3) Each entity's ending fund balance.

22 The report also should describe any problems with data collection and quality and, if  
23 applicable, make recommendations on actions the General Assembly could take to resolve any  
24 data issues.

25 **SECTION 2. Workers' Compensation.** – (a) G.S. 58-87-10 reads as rewritten:

26 **"§ 58-87-10. Workers' Compensation Fund for the benefit of ~~volunteer~~ certain safety**  
27 **workers.**

28 (a) ~~Definition.~~ Definitions. – As used in this section, the ~~term~~ following terms apply:

- 29 (1) Eligible entity. – One of the following entities that support eligible units and  
30 members of eligible units:
  - 31 a. North Carolina State Firemen's Association.
  - 32 b. The North Carolina Association of Fire Chiefs, Incorporated.
  - 33 c. North Carolina Association of Rescue and Emergency Medical  
34 Services, Inc.

35 (2) ~~"eligible unit" means a volunteer~~ Eligible unit. – A fire department or  
36 ~~volunteer-rescue/EMS unit that (i) is not part of a unit of local government~~  
37 and (ii) is exempt from State income tax under G.S. 105-130.11.

38 (b) Creation. – The Workers' Compensation Fund is created in the Department of  
39 Insurance as an expendable trust fund. Accordingly, interest and other investment income  
40 earned by the Fund accrues to it, and revenue in the Fund at the end of a fiscal year remains in  
41 the Fund and does not revert.

42 (c) Use. – Revenue in the Workers' Compensation Fund shall be used to provide  
43 workers' compensation benefits to (i) members of eligible ~~units~~ units and (ii) the employees  
44 and volunteers of eligible entities. Chapter 97 of the General Statutes governs the payment of  
45 benefits from the Fund. Benefits are payable for compensable injuries or deaths that occur on or  
46 after July 1, 1996.

47 (d) Administration. – The State Fire and Rescue Commission, established under  
48 G.S. 58-78-1, shall administer the Workers' Compensation Fund and shall perform this duty by  
49 contracting with a third-party administrator. The contracting procedure is not subject to Article  
50 3C of Chapter 143 of the General Statutes. The reasonable and necessary expenses incurred by

1 the Commission in administering the Fund shall be paid out of the Fund by the State Treasurer.  
2 The Commission may adopt rules to implement this section.

3 (e) Revenue Source. – Revenue is credited to the Workers' Compensation Fund from a  
4 portion of the proceeds of the tax levied under G.S. 105-228.5(d)(3). In addition, every eligible  
5 unit and eligible entity that elects to participate shall pay into the Fund an amount set annually  
6 by the State Fire and Rescue Commission to ensure that the Fund will be able to meet its  
7 payment obligations under this section. The amount shall be set as ~~a per capita fixed dollar an~~  
8 amount for each member of the roster of the eligible unit or for each employee or  
9 volunteer of an eligible entity, and the amount may vary based on whether an individual is a  
10 volunteer, a part-time employee, or a full-time employee. If the Fund is projected to not be able  
11 to meet its payment obligations under this section within a given year, the State Fire and  
12 Rescue Commission shall impose assessments, in addition to the annual amount set, on eligible  
13 units and eligible entities so that the Fund may meet its payment obligations.

14 The payment shall be made to the State Fire and Rescue Commission on or before July 1 of  
15 each year. The Commission shall remit the payments it receives to the State Treasurer, who  
16 shall credit the payments to the Fund.

17 (f) The amount of the tax imposed by G.S. 105-228.5(d)(3) credited to the Workers'  
18 Compensation Fund shall be the maximum allowed under that statute."

19 **SECTION 2.(b)** Section 20.2(f) of S.L. 2013-360 reads as rewritten:

20 "**SECTION 20.2.(f)** Subsection (e) of this section becomes effective ~~April 1, 2016.~~ January  
21 1, 2015."

22 **SECTION 2.(c)** Effective January 1, 2015, G.S. 58-87-10(f), as amended by  
23 Section 20.2(e) of S.L. 2013-360, reads as rewritten:

24 "(f) Funding Study. – The Department of Insurance shall annually ~~conduct a periodic an~~  
25 actuarial study to that shall do all of the following:

- 26 (1) ~~calculate~~ Calculate the amount required to meet the needs of the Fund.  
27 projecting at least five years into the future. The study shall be based on a  
28 revenue amount that is the greater of the amount paid by members of the  
29 Fund as determined under subsection (e) of this section for the fiscal year to  
30 which the study applies or the amount paid by members of the Fund as  
31 determined under subsection (e) of this section for fiscal year 2012-2013.
- 32 (2) Report on the nature of the claims paid by the Fund and any claims-related  
33 trends that impact the financial status of the Fund.
- 34 (3) Calculate how much revenue from the State and from member premiums  
35 would be required to meet the needs of the Fund for each of the following  
36 scenarios:
  - 37 a. The Fund receives twenty percent (20%) of the net proceeds from the  
38 tax collected under G.S. 105-228.5(d)(3).
  - 39 b. Member premiums do not change from the prior year.
  - 40 c. Member premiums fully fund the Fund without any State support.
- 41 (4) Be published no later than February 1 of each year. Upon publishing the  
42 study, the Department shall notify the following of its publication:
  - 43 a. The Office of State Budget and Management.
  - 44 b. The House Appropriations Committee.
  - 45 c. The Senate Appropriations/Base Budget Committee.
  - 46 d. The Fiscal Research Division.

47 Additionally, beginning in 2015 and every five years thereafter, the study shall include (i) a  
48 comparison of Fund premium levels to the premium levels of employees of municipal fire and  
49 rescue departments and (ii) a calculation of the amount of revenue generated by  
50 experience-rating premium surcharges and, if necessary, recommend changes to  
51 experience-rating premium surcharges given claim trends. The Department may contract with a

1 third party to create the study required under this section, and the cost of the study may be paid  
2 from the Fund.

3 (g) Allocation of Taxes. – The study conducted under subsection (f) of this section shall  
4 be reviewed by the Office of State Budget and Management. On or before March 1 of each  
5 year, the Office of State Budget and Management, in consultation with the Department of  
6 Insurance, must notify the Secretary of Revenue of the amount required to meet the needs of  
7 the Fund, as determined by the study, for the upcoming fiscal year. The Secretary of Revenue  
8 shall remit that amount, subject to the twenty percent (20%) limitation in G.S. 105-228.5(d)(3),  
9 to the Fund."

10 **SECTION 2.(d)** G.S. 97-2(5) reads as rewritten:

11 "(5) Average Weekly Wages. – "Average weekly wages" shall mean the earnings  
12 of the injured employee in the employment in which the employee was  
13 working at the time of the injury during the period of 52 weeks immediately  
14 preceding the date of the injury, including the subsistence allowance paid to  
15 veteran trainees by the United States government, provided the amount of  
16 said allowance shall be reported monthly by said trainee to the trainee's  
17 employer, divided by 52; but if the injured employee lost more than seven  
18 consecutive calendar days at one or more times during such period, although  
19 not in the same week, then the earnings for the remainder of such 52 weeks  
20 shall be divided by the number of weeks remaining after the time so lost has  
21 been deducted. Where the employment prior to the injury extended over a  
22 period of fewer than 52 weeks, the method of dividing the earnings during  
23 that period by the number of weeks and parts thereof during which the  
24 employee earned wages shall be followed; provided, results fair and just to  
25 both parties will be thereby obtained. Where, by reason of a shortness of  
26 time during which the employee has been in the employment of his  
27 employer or the casual nature or terms of his employment, it is impractical to  
28 compute the average weekly wages as above defined, regard shall be had to  
29 the average weekly amount which during the 52 weeks previous to the injury  
30 was being earned by a person of the same grade and character employed in  
31 the same class of employment in the same locality or community.

32 But where for exceptional reasons the foregoing would be unfair, either  
33 to the employer or employee, such other method of computing average  
34 weekly wages may be resorted to as will most nearly approximate the  
35 amount which the injured employee would be earning were it not for the  
36 injury.

37 Wherever allowances of any character made to an employee in lieu of  
38 wages are specified part of the wage contract, they shall be deemed a part of  
39 his earnings.

40 Where a minor employee, under the age of 18 years, sustains a  
41 permanent disability or dies leaving dependents surviving, the compensation  
42 payable for permanent disability or death shall be calculated, first, upon the  
43 average weekly wage paid to adult employees employed by the same  
44 employer at the time of the accident in a similar or like class of work which  
45 the injured minor employee would probably have been promoted to if not  
46 injured, or, second, upon a wage sufficient to yield the maximum weekly  
47 compensation benefit. Compensation for temporary total disability or for the  
48 death of a minor without dependents shall be computed upon the average  
49 weekly wage at the time of the accident, unless the total disability extends  
50 more than 52 weeks, and then the compensation may be increased in  
51 proportion to the employee's expected earnings.

1           In case of disabling injury or death to a volunteer ~~fireman; firefighter;~~  
2           volunteer member of an organized rescue squad; an authorized pickup  
3           firefighter, as defined in subdivision (2) of this section, when that individual  
4           is engaged in emergency fire suppression activities for the North Carolina  
5           Forest Service; a duly appointed and sworn member of an auxiliary police  
6           department organized pursuant to G.S. 160A-282; or senior members of the  
7           State Civil Air Patrol functioning under Subpart C of Part 5 of Article 13 of  
8           Chapter 143B of the General Statutes, under compensable circumstances,  
9           compensation payable shall be calculated upon the average weekly wage the  
10          volunteer ~~fireman; firefighter,~~ volunteer member of an organized rescue  
11          squad, authorized pickup firefighter of the North Carolina Forest Service;  
12          when that individual is engaged in emergency fire suppression activities for  
13          the North Carolina Forest Service, member of an auxiliary police  
14          department, or senior member of the State Civil Air Patrol was earning in the  
15          employment wherein he principally earned his livelihood as of the date of  
16          injury. Provided, however, that the minimum compensation payable to a  
17          volunteer ~~fireman; firefighter,~~ volunteer member of an organized rescue  
18          squad, an authorized pickup firefighter of the North Carolina Forest Service  
19          of the Department of Agriculture and Consumer Services, when that  
20          individual is engaged in emergency fire suppression activities for the North  
21          Carolina Forest Service, a sworn member of an auxiliary police department  
22          organized pursuant to G.S. 160A-282, or senior members of the State Civil  
23          Air Patrol shall be sixty-six and two-thirds percent (66 2/3%) of the  
24          maximum weekly benefit established in G.S. 97-29."

25          **SECTION 2.(e)** When renewing its existing contract with its third-party  
26          administrator, which contract expires on June 30, 2014, or contracting with a different  
27          third-party administrator, the State Fire and Rescue Commission shall, through its contract,  
28          require its workers' compensation third-party administrator to do all of the following:

- 29          (1) Establish a performance management system to set loss prevention goals and  
30          track and measure the effectiveness of loss prevention interventions.
- 31          (2) Evaluate how additional data analytics software or cost models could help  
32          manage claim costs.
- 33          (3) Determine the expenditures per department allocated to loss prevention  
34          services geared toward experience-rating reductions and compare the  
35          expenditures allocated per department to the experience-rating premium  
36          surcharges paid by each department.
- 37          (4) Assess the different ways in which the Rating Modification Model could be  
38          adjusted to generate more revenue and incentivize departments to be more  
39          engaged in loss prevention services; and, if warranted, implement changes to  
40          the Experience Rating Modification Model based on the approval of the  
41          Volunteer Safety Workers' Compensation Fund Board.
- 42          (5) Track all legal claims and associated expenses open as of July 1, 2014, and  
43          filed thereafter, including information on the reasons each claim was filed  
44          and the conditions of the settlement or court ruling, and then share the  
45          information and analysis from the database with the Volunteer Safety  
46          Workers' Compensation Fund Board at every quarterly board meeting.
- 47          (6) Track suspected and confirmed fraudulent claims open as of July 1, 2014,  
48          and filed thereafter and then share the information and analysis from the  
49          database with the Volunteer Safety Workers' Compensation Fund Board at  
50          every quarterly board meeting.

- 1 (7) Track information for all claims awarded indemnity compensation affected  
2 by the minimum weekly compensation provision, as provided in  
3 G.S. 97-2(5), that are open on July 1, 2014, and filed on or after July 1,  
4 2014. The database should include the following:  
5 a. The date of volunteer's injury.  
6 b. A detailed description of the injury.  
7 c. The volunteer's (paid) occupation, or status as a "student" or  
8 "unemployed."  
9 d. The volunteer's weekly wages from his or her regular paid  
10 occupation.  
11 e. The amount of indemnity compensation awarded per week based on  
12 weekly wages from the regular, paid occupation.  
13 f. Whether the claim is affected by the minimum weekly compensation  
14 provision.  
15 g. The volunteer's post injury return date to volunteer duties.
- 16 (8) Report to the Volunteer Safety Workers' Compensation Fund Board at every  
17 quarterly meeting on all claims awarded indemnity compensation affected  
18 by the minimum compensation provision. Report shall include the following:  
19 a. The total indemnity compensation awarded for each claim, as well as  
20 the compensation per week and the number of weeks of  
21 compensation.  
22 b. For each claim, the difference between the indemnity compensation  
23 awarded per week to the volunteer and the volunteer's weekly wages  
24 from his or her regular, paid occupation.  
25 c. For each claim, the difference between the total indemnity  
26 compensation awarded to the volunteer for number of weeks unable  
27 to return to volunteer duties and volunteer's total wages from regular,  
28 paid occupation for the same time period.  
29 d. The total number of claims affected by the minimum weekly  
30 compensation provision (within a specified time period).  
31 e. The total workers' indemnity compensation amount awarded for all  
32 claims affected by the minimum weekly compensation provision  
33 (within a specified time period).  
34 f. The difference between the total indemnity compensation awarded to  
35 volunteers and the total of all volunteers' wages from their regular,  
36 paid occupations for same time period (within a specific time  
37 period).
- 38 (9) Track information for all claims awarded indemnity compensation in which  
39 a volunteer can return to his or her paid occupation but not his or her  
40 volunteer duty that are open on July 1, 2014, and filed on or after July 1,  
41 2014. The database should include the following:  
42 a. Whether the volunteer has the ability to perform his or her paid  
43 occupation but not his or her volunteer duty.  
44 b. The volunteer's weekly wages from his or her regular, paid  
45 occupation.  
46 c. The amount of indemnity compensation awarded per week based on  
47 weekly wages from regular, paid occupation.  
48 d. The volunteer's post injury return date to volunteer duties.
- 49 (10) Report to the Volunteer Safety Workers' Compensation Fund Board at every  
50 quarterly meeting on the claims awarded indemnity compensation in which

1 the volunteer can return to his or her paid occupation but not to his or her  
2 volunteer duty. The report shall include:

- 3 a. The total number of claims where volunteer is being awarded  
4 indemnity compensation when they can return to their regular, paid  
5 occupations (within a specified time period).  
6 b. The total indemnity compensation awarded for each claim, as well as  
7 the compensation per week and the number of weeks of  
8 compensation.  
9 c. The total indemnity compensation awarded for all claims (within a  
10 specified time period).

11 (11) Include a form in the claims-closing material for volunteers who will not be  
12 able to return to their regular, paid occupations even though they can return  
13 to their volunteer duties, and track these claims and associated wages lost  
14 and prepare a report to share with the Volunteer Safety Workers'  
15 Compensation Fund Board at every quarterly meeting.

16 (12) Develop a model return-to-work program for use by fire and rescue  
17 departments that participate in the Fund and work with a limited number of  
18 departments to implement and test the program for a two-year time period.

19 (13) Develop metrics by which to determine if the return-to-work program  
20 reduces workers' compensation costs.

21 By January 1, 2015, the State Fire and Rescue Commission shall report to the Fiscal  
22 Research Division, the House Appropriations Subcommittee on General Government, and the  
23 Senate Appropriations Committee on General Government and Information Technology on the  
24 status of the commission's data collection and analysis efforts and shall include in the report a  
25 copy of the State Fire and Rescue Commission's contract with the third-party administrator.

26 The State Fire and Rescue Commission shall include the provisions of this  
27 subsection in all future contracts with its workers compensation third-party administrators.

28 This subsection is effective when this act becomes law.

29 **SECTION 3.** Supplemental Pensions. – (a) G.S. 58-86-55 reads as rewritten:

30 **"§ 58-86-55. Monthly pensions upon ~~retirement~~ attaining the age of 55 years.**

31 (a) Any member who has served 20 years as an "eligible firefighter" or "eligible rescue  
32 squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and G.S. 58-86-30,  
33 and who has attained the age of 55 years is entitled to be paid a monthly pension from this  
34 fund. The monthly pension shall be in the amount of one hundred seventy dollars (\$170.00) per  
35 month. Any retired firefighter receiving a pension shall, effective July 1, 2008, receive a  
36 pension of one hundred seventy dollars (\$170.00) per month.

37 (b) Members shall pay ten dollars (\$10.00) per month as required by G.S. 58-86-35 and  
38 G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad member" shall  
39 receive a pension prior to July 1, 1983. ~~No member shall be entitled to a pension hereunder  
40 until the member's official duties as a fireman or rescue squad worker for which the member is  
41 paid compensation shall have been terminated and the member shall have retired as such  
42 according to standards or rules fixed by the board of trustees.~~

43 (c) A member who is totally and permanently disabled while in the discharge of the  
44 member's official duties as a result of bodily injuries sustained or as a result of extreme exercise  
45 or extreme activity experienced in the course and scope of those official duties and who leaves  
46 the fire or rescue squad service because of this disability shall be entitled to be paid from the  
47 fund a monthly benefit in an amount of one hundred seventy dollars (\$170.00) per month  
48 beginning the first month after the member's fifty-fifth birthday. All applications for disability  
49 are subject to the approval of the board who may appoint physicians to examine and evaluate  
50 the disabled member prior to approval of the application, and annually thereafter. Any disabled

1 member shall not be required to make the monthly payment of ten dollars (\$10.00) as required  
2 by G.S. 58-86-35 and G.S. 58-86-40.

3 (d) A member who is totally and permanently disabled for any cause, other than line of  
4 duty, who leaves the fire or rescue squad service because of this disability and who has at least  
5 10 years of service with the pension fund, may be permitted to continue making a monthly  
6 contribution of ten dollars (\$10.00) to the fund until the member has made contributions for a  
7 total of 240 months. The member shall upon attaining the age of 55 years be entitled to receive  
8 a pension as provided by this section. All applications for disability are subject to the approval  
9 of the board who may appoint physicians to examine and evaluate the disabled member prior to  
10 approval of the application and annually thereafter.

11 (e) A member who, because the member's residence is annexed by a city under Part 2 or  
12 Part 3 of Article 4A of Chapter 160A of the General Statutes, or whose department is closed  
13 because of an annexation by a city under Part 2 or Part 3 of Article 4A of Chapter 160A of the  
14 General Statutes, or whose volunteer department is taken over by a city or county, and because  
15 of such annexation or takeover is unable to perform as a firefighter or rescue squad worker of  
16 any status, and if the member has at least 10 years of service with the pension fund, may be  
17 permitted to continue making a monthly contribution of ten dollars (\$10.00) to the fund until  
18 the member has made contributions for a total of 240 months. The member upon attaining the  
19 age of 55 years and completion of such contributions shall be entitled to receive a pension as  
20 provided by this section. Any application to make monthly contributions under this section  
21 shall be subject to a finding of eligibility by the Board of Trustees upon application of the  
22 member.

23 (f) The pensions provided shall be in addition to all other pensions or benefits under  
24 any other statutes of the State of North Carolina or the United States, notwithstanding any  
25 exclusionary provisions of other pensions or retirement systems provided by law."

26 **SECTION 3.(b)** G.S. 105-228.5(d)(3) reads as rewritten:

27 "(3) Additional Rate on Property Coverage Contracts. – An additional tax at the  
28 rate of seventy-four hundredths percent (0.74%) applies to gross premiums  
29 on insurance contracts for property coverage. The tax is imposed on ten  
30 percent (10%) of the gross premiums from insurance contracts for  
31 automobile physical damage coverage and on one hundred percent (100%)  
32 of the gross premiums from all other contracts for property coverage.  
33 ~~Twenty five percent (25%)~~ Twenty percent (20%) of the net proceeds of this  
34 additional tax must be credited to the Volunteer Fire Department Fund  
35 established in Article 87 of Chapter 58 of the General Statutes. Twenty  
36 percent (20%) of the net proceeds must be credited to the Department of  
37 Insurance for disbursement pursuant to G.S. 58-84-25. Up to twenty percent  
38 (20%), as determined in accordance with G.S. 58-87-10(f), must be credited  
39 to the Workers' Compensation Fund. The remaining net proceeds must be  
40 credited to the General Fund."

41 **SECTION 3.(c)** Using a portion of the additional funds made available to the  
42 General Fund through the amendment to G.S. 105-228.5 made by Section 3(b) of this act, the  
43 sum of one million four hundred thousand dollars (\$1,400,000) is appropriated for fiscal year  
44 2014-2015, recurring from the General Fund to the North Carolina Firefighters' and Rescue  
45 Squad Workers' Pension Fund established under G.S. 58-86-1.

46 **SECTION 3.(d)** The Department of State Treasurer shall report by March 1, 2015,  
47 and for two years thereafter, to the House Committee on State Personnel and the Senate  
48 Committee on Pensions & Retirement and Aging on the Department's progress toward the  
49 following efforts related to the North Carolina Firefighters' and Rescue Squad Workers'  
50 Pension Fund:

- 1 (1) Building appropriate lapse assumptions into the State's annual required  
2 contribution to the pension fund.
- 3 (2) Collecting timely member contributions to the pension fund.

4 **SECTION 4.** Grant Funds. – (a) Effective January 1, 2015, and applicable to the  
5 2015 grant process, G.S. 58-87-1(a1) reads as rewritten:

6 "(a1) Grant Program. – An eligible fire department may apply to the Commissioner for a  
7 grant under this section. In awarding grants under this section, the Commissioner must, to the  
8 extent possible, select applicants from all parts of the State based upon need. The  
9 Commissioner must award the grants on May 15 of each year subject to the following  
10 limitations:

- 11 (1) The size of a grant may not exceed thirty thousand dollars (\$30,000).  
12 (2) The applicant shall match the grant on a dollar-for-dollar ~~basis.~~ basis, unless  
13 the applicant receives less than fifty thousand dollars (\$50,000) per year  
14 from other sources, in which case the applicant shall match one dollar  
15 (\$1.00) for each three dollars (\$3.00) of grant funds.  
16 (3) The grant may be used only for equipment purchases, payment of highway  
17 use taxes on those purchases, or capital expenditures necessary to provide  
18 fire protection services."

19 **SECTION 4.(b)** G.S. 58-87-1(c) reads as rewritten:

20 "(c) Report. – The Commissioner must submit a written report to the General Assembly  
21 within 60 days after the grants have been made. This report must contain the following:

- 22 (1) The amount of the grant and the name of the recipient.  
23 (2) The Fund balance at the beginning of the grant cycle.  
24 (3) Cash receipts through the grant cycle.  
25 (4) Cash disbursements through the grant cycle.  
26 (5) The Fund balance at the end of the grant cycle."

27 **SECTION 4.(c)** G.S. 58-87-5 is amended by adding a new subsection to read as  
28 follows:

29 "(d) Report. – The Commissioner must submit a written report to the General Assembly  
30 within 60 days after the grants have been made. This report must contain the following:

- 31 (1) The amount of the grant and the name of the recipient.  
32 (2) The Fund balance at the beginning of the grant cycle.  
33 (3) Cash receipts through the grant cycle.  
34 (4) Cash disbursements through the grant cycle.  
35 (5) The Fund balance at the end of the grant cycle."

36 **SECTION 4.(d)** Effective July 1, 2015, G.S. 58-87-7 reads as rewritten:

37 "**§ 58-87-7. Oversight and accountability of grant awards.**

38 (a) Examination of Purchased Equipment and Supplies. – To increase accountability  
39 and to expedite receipt of certain grant awards, notwithstanding any other provision, the Office  
40 of the State Fire Marshal and other employees of the Department of Insurance may in their  
41 discretion conduct on-site examinations of fire, rescue, and EMS equipment and supplies  
42 purchased with funds awarded from either the Volunteer Fire Department Fund or the  
43 Volunteer Rescue/EMS Fund. Fund, for up to five years from the date of the grant award. The  
44 on-site examinations may include the inspection of equipment purchased from prior grants and  
45 may be conducted prior to or simultaneous with the delivery of the grant awards. The on-site  
46 examination shall document what equipment and supplies have been purchased by the  
47 volunteer fire department or volunteer rescue/EMS department and whether those items were  
48 received by the department and visually reviewed by the on-site examiner. Items that have  
49 already been distributed or put in the field shall be noted by the on-site examiner. The Office of  
50 the State Fire Marshal shall maintain records of on-site inspections and provide ~~them, or a~~



1 ~~summary thereof, in reports~~ reports of such inspections, upon request, to the State Auditor or  
2 the Office of State Budget and Management.

3 (b) Reimbursement to Funds. – If equipment purchased with grant funds is disposed of  
4 within five years of the date of the grant award funding its purchase, then the grant recipient  
5 shall reimburse the appropriate fund the amount of matching funds used for the purchase of the  
6 equipment, less depreciation.

7 (c) Transfer of Purchased Equipment. – If a grant recipient shall cease to exist within  
8 five years of the date of award of the grant, it shall transfer any and all equipment purchased  
9 with such grant funds to whichever department shall assume responsibility for providing  
10 service to the grant recipient's area of service or to another appropriate department that may  
11 effectively use the equipment."

12 **SECTION 4.(e)** By the effective date of subsection (d) of this section, the  
13 Department of Insurance shall take the following actions to facilitate the implementation and  
14 enforcement of G.S. 58-87-7:

15 (1) Adopt rules to establish specific guidelines for the following:

16 a. G.S. 58-87-7(b), enacted by subsection (d) of this section.

17 b. G.S. 58-87-7(c), enacted by subsection (d) of this section, including  
18 guidelines for determining which department receives the equipment  
19 of a dissolved department and under what circumstances.

20 (2) Provide transfer of equipment forms to fire and rescue departments that  
21 receive grant equipment from dissolved departments.

22 Additionally, in time for the 2015 grant cycle, the Department shall add language to the  
23 Agreement of Payment form departments must fill out as part of the grant application process  
24 to ensure that departments understand what will happen to grant equipment in the event of  
25 dissolution.

26 **SECTION 4.(f)** No later than January 1, 2015, the Department of Insurance shall  
27 report to the Joint Program Evaluation Oversight Committee on the Department's efforts to  
28 update and correct its computer code that assigns points to grant applicants for funds awarded  
29 under Article 87 of Chapter 58 of the General Statutes.

30 **SECTION 5.** Effective Dates. – Except as otherwise provided, this act becomes  
31 effective July 1, 2014.